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Expanding Agribusiness: China and Brazil in Ghanaian Agriculture

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Abstract

This article examines the extent, framing and structure of Chinese and Brazilian investments in Ghana. It outlines the changing political economy of the agrarian sector, in the context of market liberalisation and the rise of agribusiness. The article examines the specificities of Chinese agricultural investments in Ghana in relation to wider investments and Chinese interests in the country. It also examines Brazilian investments within the Ghanaian agricultural sector in relation to the expansion of Brazilian agribusiness and its integration into the global economy. Finally, it discusses the impact of these developments on Ghanaian agriculture and society.

1 Introduction

China and Brazil have established a significant presence in trade, investment and international development cooperation in Ghana. Both uphold a framework of South-South cooperation based on respect for national sovereignty and national interests, non-intervention, no imposition of conditionalities, and commonalities based on histories as colonised nations, or in the case of Brazil of cultural affinities (see Amanor, this *IDS Bulletin*). However, the engagements in Ghana are conditioned by the processes of market liberalisation restructuring during the 1990s and 2000s undergone in all three countries. These reforms have considerably transformed them, opened them to new forms of investment and capital accumulation and led to new trajectories of foreign investment that transforms their relationship with Ghana. Engagements by China and Brazil in Ghana therefore need to be examined within the context of the rise of global agribusiness, and government support for agribusiness expansion in Ghana. These recent developments in turn must be placed within a long-term framework of the changing agrarian political economy and the impact of economic liberalisation on the Ghanaian agricultural economy.

2 China and Brazil in Ghana

Ghana is an important African country for both China and Brazil. This is reflected in the high level institutions for development cooperation placed in Ghana. These occur in a nation that has been subject to considerable aid and interventions to reform the institutional framework of economic administration by donors since the early 1980s, when Ghana became the first African country to implement a structural adjustment programme. China has established the West Africa regional office of CADFund in Accra to facilitate Chinese investment in West Africa. Brazil also established an office of Brazilian Agricultural Research Corporation (Embrapa) in Accra, initially aimed at a regional coordination role (see Cabral *et al.*, this *IDS Bulletin*).

Economic relations between Ghana and China are marked by the large long-term loans for the development of infrastructure. This takes place within the context of the recent development of the oil industry in Ghana, and Chinese interests in oil. These oil resources have been used to underwrite and justify these loans. Ghana has recently signed two concessionary loan agreements with China Exim Bank to the value of over US\$13 billion dollars.¹

Trade between Ghana and China has expanded rapidly and China has emerged as Ghana's second largest trade partner after the EU, with bilateral trade reaching around US\$2 billion in recent years. However, this trade is weighted in favour of China, with China showing a favourable trade balance. Ghana's trade deficit with China grew from US\$70.3 million in 2000 to US\$474.3 million in 2006 (African Center for Economic Transformation 2009). Trade follows the classical core periphery structure, with Chinese imports to Ghana dominated by manufactured goods, and Ghanaian exports dominated by primary agricultural commodities and raw materials (Tsikata *et al.* 2008). Beyond this, China sponsors many small projects contributing to the cultural life of Ghana in the fields of communication and culture, such as building a national cultural centre (Tsikata *et al.* 2008; Idun-Arkhurst 2008).

The main areas of economic cooperation between China and Ghana include infrastructure, energy, communications, agriculture, trade, and education and training. In agriculture, exchanges have been facilitated in the areas of irrigation, agroprocessing, agricultural technology and infrastructure development. Chinese investments in the agricultural sector are quite small, constituting about 4 percent of total investments (African Center for Economic Transformation 2009). Until 2006 they constituted about US\$10.4 million, of which the largest share has been spent on irrigation projects at Nobewam and Afeke. The Chinese government has also sponsored Chinese volunteers to teach agriculture at the University of Ghana (African Center for Economic Transformation 2009).

Brazilian investments within the Ghanaian economy are dwarfed by China. However, Brazilian investments largely focus on the agricultural sector, and in this sector they make a very significant contribution. The most important programme is the extension of the More Food Programme from Brazil to Ghana, which provides loans of US\$98 million for the acquisition of Brazilian agricultural technology by Ghanaian farmers. The More Food Programme is grounded within a commitment to inclusive development, smallholder family farming, and poverty alleviation, linked to social protection policies related to school feeding programmes and conditional cash transfers to poor families for child schooling (see Cabral *et al.*, this *IDS Bulletin*). Private sector investments are also increasingly becoming significant within the agricultural related sector, including investments in agro-processing. This includes a US\$300 million loan from the government of Brazil to Northern Sugar to build a sugar cane complex for the production of ethanol, with an ethanol plant to be built by Constran S/A of Brazil, a recent but as yet undisclosed contract to establish a cashew processing plant, an investment of US\$300 million by Dos Branco group in a biscuit and pasta processing plant, and investments of Brazilian companies in rice production.

In contrast with the China-Ghana trade, which concentrates on manufactured goods and raw materials, trade between Ghana and Brazil focuses much more on agricultural produce – reflecting the centrality of agribusiness to the Brazilian economy. In 2011, Ghana's total imports from Brazil were worth US\$282 million, of which sugar accounted for US\$137 million and meat products for US\$57 million. Exports from Ghana to Brazil were worth US\$29 million, of which US\$27.5 million consisted of fruits and nuts and US\$0.8 million of cocoa products.² Thus, trade between Brazil and Ghana is limited by the reliance of the two economies on agricultural products. The terms of trade between Brazil and Ghana is thus highly distorted in favour of Brazil.

In articulating a framework of Southern solidarity with Africa, the government of Brazil draws upon symbols of cultural similarity, the existence of a large African diaspora in Brazil, the commonalities of a history rooted in the slave trade and the similarities of the environment. In terms of cultural exchange in Ghana, the Brazilian Embassy has been instrumental in developing cultural ties, such as supporting a carnival in Accra in February. The Brazilian government has also supported the

rehabilitation of Brazil House in Accra, one of the oldest houses in Accra established by the Tabon, an originally Islamic community of repatriated freed Brazilian slaves who chose to resettle in Accra during the nineteenth century, although they traced their origins to Mali.

However, these cultural links do little to deepen cultural exchange between Brazilians and Ghanaians, or build cultural familiarities and modes for communication. Although there is great interest in Africa among Afro-Brazilians, there is little Brazilian government support to encourage exchange visits or to deepen African studies within Brazil. As a consequence, while Brazil provides generous support for African students to study agricultural studies in Brazilian universities, few Ghanaian students take up these opportunities, since they are conditional upon them being fluent in Portuguese, and few opportunities exist as yet for them to acquire proficiency in this language.

In contrast, China articulates its Southern solidarity in terms of its long-term history of economic cooperation in Ghana dating back to the Nkrumah period, when over 200 Chinese technicians and diplomatic staff were located in Ghana. It also stresses the diplomatic support Ghana has given to China in its bid for a permanent seat in the UN and its support for the One China Policy in international relations (not officially recognising Taiwan), and the common framework of developing country interests that both nations have upheld internationally (Idun-Arkurst 2008). The Chinese government has supported the development of Chinese language studies at the University of Ghana and facilitated the study of many Ghanaians in China. Within China, African Studies programmes are being developed and African lecturers recruited. Beyond this, since the 1980s many Chinese nationals have been working in diverse occupations within Ghana, including road construction, informal sector gold mining and agriculture, building up familiarity with Ghanaian conditions. Many Ghanaian traders visit China to purchase goods and the Chinese embassy also provides information on trading in China for them. Thus there is a multi-sector acquisition of cultural knowledge by citizens of the two countries. The existence of large numbers of Chinese working within Ghana and in rural areas sometimes leads to conflicts between communities and cultural misconceptions, which require that both governments work towards better cultural understandings and education of citizens of both nations on cultural relations and economic opportunities and towards more openness in informing citizens on economic policies (Tsikata *et al.* 2008).

3 Agrarian development in Ghana: The historical context for new engagements

Ghana's agricultural sector has been considerably transformed in recent years by the imposition of structural adjustment policies and movements of international agribusiness into Ghana. These developments have been uneven in which foreign capital has tended to invest in a limited number of favourable sectors, usually concerned with export crops, while service provisioning to staple food sectors has stagnated. Ghanaian agricultural policy has also moved from an emphasis on developing agri-industrial linkages with a strategy of state-led import-substitution growth to a policy of export-oriented production, agribusiness promotion and food value chain development through market governance.

This has created potential openings for the Brazilian strategy of promoting the internationalisation of Brazilian agribusiness. Thus, the Chinese and Brazilian engagements in the agricultural sector in Ghana must be understood in relation to these wider interactions - economic, cultural and political - over time, as well as the wider historical framing of such engagements in Africa (see Amanor, this *IDS Bulletin* 2013).

During the early independence phase the radical Convention People's Party government led by Nkrumah continued to develop large-scale state investments in agriculture within a political ideology of African Socialism. The cocoa sector continued to be dominated by smallholder production, with the state controlling marketing through a Cocoa Marketing Board, which was established in the colonial period. Within the food sector the government carried out a policy of promoting agri-processing

within a framework of import substitution industrialisation, in which state farms, Workers' Brigades and farmer co-operatives were promoted. State farms also drew upon Soviet and Chinese technical support and equipment (Konings 1986).

The 1966 coup against Nkrumah brought pro-Commonwealth and pro-US interests to the fore. The agricultural sector was re-organised to support the development of private capitalist estate agriculture and the creation of a new extension service in tune with the US model based on the Land Grant system. Following the 1972 coup agricultural policy reverted to a more mixed approach, combining state farms with promotion of capitalist agriculture. The major focus of policy was on developing commercial rice farming in the north. Military personnel and close allies of the regime invested in large rice estates, gaining access to cheap loans and subsidised inputs (Konings 1986, Shepherd and Onumah 1997).

By the mid 1970s the government redirected its agricultural policy away from nurturing a domestic class of capitalist farmers towards a contract farmer model based on capturing peasant farmers, in line with recommendations of the World Bank. This was incorporated on irrigation projects producing rice and vegetables and in nucleus estate outgrower models in the oil palm sector in the south (Amanor 2000; Daddieh 1994; Konings 1986).

These developments failed to save the regime from the mounting economic crisis and bankruptcy, which resulted in another coup that brought Jerry Rawlings to power. In 1982 after attempting to court support from Eastern European states, the Provisional National Defence Council (PNDC) went to the International Monetary Fund (IMF) and accepted a structural adjustment programme, which has involved privatisation of State Owned Enterprises (SOEs) and the introduction of a system of parliamentary democracy.

This has had considerable impact on the agricultural sector, including removal of subsidies on inputs and agricultural services, and the privatisation of agricultural services. During the 1980s and 1990s Western donors reinforced this process of privatisation by supporting the activities of NGOs to fill in gaps in agricultural service provisioning.

From the late 1990s Ghanaian Agricultural policy has been dominated by two concerns. First, ensuring that agricultural policy documents reflects the concerns of poverty reduction and reflects the Ghana Poverty Reduction Strategy and that differentiated strategies are devised to meet the needs of different categories of farmers and, second, commitment to the development of agribusiness through promoting increased productivity in the value chain and market governance of food chains (Ministry of Food and Agriculture 2007).

Beyond the rhetoric of pro-poor market approaches, the process of privatising agriculture has had an ambiguous impact on agrarian developments. While Western donors have insisted on privatisation from a neoliberal ideological perspective and have refused to fund state agricultural services, the private sector has been reluctant to invest comprehensively. Thus, the privatisation of the state seed sector has found no private sector buyers, and this has resulted in a significant decline in modern seed production (Amanor 2010). Similarly, Ghana's irrigation projects lie largely idle, with the exception of those rehabilitated by China, as a result of reluctance of donors to invest in state controlled assets.

As a consequence, agricultural development has been uneven, with the private sector cherry picking the most profitable sectors and donors pumping funds into the most promising commercial export sectors. During the 1990s, food crop production became neglected as most funds went into the development of new horticultural crops for the export trade. Multinational companies moved into the oil palm sector, while the cocoa processing sector has been characterised by concentration, and is dominated by three companies: Cargill, ADM and Barry Callebaut. There is a pronounced tendency for Western multinationals to move out of farm production into control of the food chain. For example, Unilever has sold off its oil palm plantation to Wilmar of Singapore, the largest Asian processor of palm oil.

Agribusiness companies prefer to work in coalitions of partners, providing various services to farmers and controlling production through food chain governance, standards control, tracking of farm production and contracts with various intermediaries and farmers. NGOs play a significant role in these coalitions, in recruiting farmers into agribusiness chains and providing them with training to produce commodities according to preset standards (Amanor 2010). The Gates Foundation funded organisation, Alliance for a Green Revolution in Africa (AGRA), has also been instrumental in promoting the development of agricultural input markets. As donor funding for NGOs has shrunk, many of them are now soliciting funds from the private sector to recruit farmers to participate in agribusiness chains. USAID supports a large network of international NGOs providing business services to farmers. Equally, the Millennium Development Authority, which implements the US\$547 million US Millennium Challenge Compact, has also contributed to building up infrastructure that supports commercial development of food crop production.³

During the late 1990s and early 2000s these developments were most significant within the horticultural sector. Since the 2006-8 world food crisis, which resulted in significant rises in prices of staples, there has been a renewed interest in commercial production of staples for domestic and international markets. Rice has been identified as a commodity with much potential for increased production by both government and donors. Many companies prefer to work with smallholder contract farmers rather than establish large estates, since land tenure security is considered a major problem in Ghana given the large number of land disputes, and since large-scale land acquisitions attract unfavourable or unwanted international attention.

The policy environment in Ghana today is therefore one that favours agribusiness and international investments, but one in which agribusiness developments have been patchy and hesitant given the lack of development of more comprehensive transport and research infrastructures and difficulties of acquiring large tracts of land. It is into this context that new investments from China and Brazil enter.

4 Chinese investments in the agricultural sector

Chinese investments in Ghanaian agriculture have been limited but significant. The most significant investments have been in irrigation plants at Afife and Nobewam. The Afife Project (or Weta project as it has come to be recently renamed following a dispute over the rightful land ownership between the chiefs of Weta and Afife), occupies an area of 880 acres. It is currently the largest irrigated rice growing project in Ghana. While the Afife irrigation infrastructure originated from the 1960s and the 1980s, when it was overhauled and rehabilitated by Chinese technicians, it is presently undergoing further expansion under a Chinese project. Chinese technical cooperation is also looking for other areas in the Volta Region in which to expand irrigation works.

China has considerable skills in rice cultivation and hybrid rice seed production - including cutting edge research which has sequenced the rice genome. The main development interventions within Ghana at present focus on the enhancement and expansion of irrigation facilities. Although in the 1980s technical advice was provided by Chinese experts to the Ministry of Food and Agriculture (MOFA) on appropriate cultivation methods, this is no longer a priority. MOFA is responsible for management and extension once the infrastructure is completed. The Chinese government's main role is the provision of irrigation infrastructure.

A second area of recent investment is in input supplies with Chinese companies providing both fertilisers and agrochemicals. The waste disposal company, Zoom Lion, which is owned by both Ghanaian and Chinese interests, has recently established a fertiliser plant at Amasaman on the outskirts of Accra. The fertilisers will be a product of the waste in the dump sites, and is being developed as a means of recycling to offload the large quantities of waste on the main dump sites while providing a useful commodity. The 'Zheviane Xinam' Chemical Industry Group (Zhejiang Xin'an Chemical Industrial Group), a national hi-tech company which produces agrochemicals,

organic silicon and fine chemicals has established a subsidiary agrochemical branch in Kumasi in May 2012.⁴ The production of fertilisers within Ghana is likely to become more important as the oil industry establishes itself. Currently China and India are competing for oil contracts with promises of developing fertiliser plants as by-products.

China does not as yet have significant agribusiness companies operating in the agricultural sector. However, there are a number of small Chinese farmers operating within the country. They generally produce vegetables and cowpeas for the domestic market and one farmer has invested in *Jatropha*. Some of these farmers are also involved in distributing Chinese agricultural machinery. One of these farmers imports Chinese machinery but also tractors from the Belarus, which he considers to be highly robust.⁵

The main Chinese initiatives in agriculture grow out of larger commitments to infrastructure developments. The documents for these projects are often combined with other transport infrastructure and energy projects. The second significant area in which projects occur is in input supply. These occur alongside other related interests outside of the agricultural sector, such as within the framework of the development of petrochemical industries and waste disposal. These projects also often combine high tech elements with appropriate technology that creates affordable technologies for farmers, as in gravitational irrigation or fertilisers processed from urban waste.

The main Chinese investments in the agricultural sector are in the provisions of infrastructure and technical services. These mirror other interventions in the broader economy that focus on the provision of basic transport, construction and communication infrastructures (Africa Research Institute 2012). Thus, Chinese technicians gain experiences and insights into Ghanaian agriculture, and are able to influence subsequent developments, and Chinese companies derive revenues from infrastructure provisioning. In contrast with other nations' provisions of aid, China does not seek to gain influence over food markets through market governance (imposition of standards and control over production linked to specific forms of market integration) and a value chain approach, or establish a niche for Chinese agricultural and agri-food companies. A second area of growing investments is in agrochemicals and inputs, which may be related to interests in Ghana's new petroleum resources. Thus, claims that China is investing in large-scale agriculture leading to the appropriation of smallholders lands are unwarranted in the Ghanaian case.

5 Brazilian investments in the agricultural sector

In contrast with Chinese agricultural investments, those of Brazil are more focused, and reflective of the emergence of Brazil as a global agribusiness power. These investments are articulated in a framework of extending the successes of Brazilian agriculture into Africa. However, there is no unitary framework of the Brazilian success story, but rather a contested one that attempts to balance two different facets of Brazilian agriculture: agribusiness based on large-scale plantations and multinational investments, and the development of smallholder agriculture linked into agribusiness networks (see Cabral *et al.*, this *IDS Bulletin*; McCann 2008).

One major intergovernmental programme initiated in Ghana is the More Food Programme, which in Brazil is a social and economic development programme targeted at enhancing smallholder family farms (see Amanor, and Cabral *et al.*, this *IDS Bulletin*; Patriota and Pierri 2013). This is linked to a much broader programme of social protection based on a Brazilian model to which Ghana has signed up to, which in Ghana has resulted in the Livelihood Empowerment Against Poverty (LEAP) Programme and the introduction of school feeding programmes. This makes provisions for farmers to gain access to tractors, and creates facilities within Ghana for the servicing of these tractors. The Brazilian government has made a loan available to the government of Ghana for US\$98 million for the acquisition of tractors. The second phase will include the provision of post-harvest equipment and dairy feed. It is envisaged that these tractors will be suitable for farms with holdings of between 20-60 hectares, which in the Ghanaian context are quite wealthy farmers, or for farmer associations, which

are poorly developed among smallholders.

Disbursement of tractors is not new in Ghana, and during the 1970s was one of the ways in which development resources were used to build political constitutions of elite farmers. However, in recent years, as fuel costs have increased and cheap tractors disappeared farmers have increasingly moved to the use of herbicides in clearing land. The use of herbicides is also promoted by Embrapa within its programme of low carbon farming based on low-till technologies. This is a scaled back version of the Pro-Savanna programme, which is being promoted by Embrapa in Mozambique based on technologies introduced into the Cerrado region of Brazil (see Chichava *et al.*, this *IDS Bulletin*). However, as yet, there is no uptake of low carbon farming in Ghana. While the More Food Programme claims to target smallholder agriculture may be questioned in the Ghanaian context, it serves to create demands for Brazilian technology, provided they withstand the environmental conditions of Ghana; a problem to which many other makes of tractors have succumbed. While this programme is only in its preliminary phase, it will provide a fascinating test case of how Brazilian social protection programmes with underlying market interests transfer into the African environment. Although in Brazil this establishes synergies between raising smallholder farm production, creating markets for smallholder farm production in school feeding programmes, and creating demands for agricultural technology industries (Patriota and Pierri 2013), it is not clear how the linkages between social protection and agricultural production will be managed within the Ghanaian case given the differing institutional set-ups in the two countries. The third linkage in the development synergy is also different since the industrial beneficiary of increased productivity will be Brazilian agricultural machinery companies and not Ghanaian companies. Within the Brazilian context, civil society organisations and social movements have been important in articulating the demands of smallholders in policy. In contrast in Ghana, farmer social movements are weak and many of the dominant NGOs are international agencies that now work within an agribusiness value chain framework, in which poverty alleviation is framed in the context of integration into commercial agribusiness markets.

The second key area of technical cooperation involves Embrapa's mandate to develop joint research programmes between institutions.⁶ In Africa, it combines this mandate of building technical capacities and fostering new research with a commitment to social inclusion, poverty reduction, and promoting family farming and sustainable agriculture. Since 2010 Embrapa has supported the development of joint collaborative research partnerships. The main forum is the Africa-Brazil Technical Innovation Market, which facilitates joint meetings of Brazilian and African researchers, creates networks through which researchers in specific research institutions can build up linkages to fashion joint research proposals, and puts out a call for joint research proposals by African and Brazilian researchers.

To date, two research proposals have been sponsored between Ghanaian and Brazilian researchers. The first is concerned with devising suitable *Rhizobium* inoculants to enhance smallholder production of cowpeas and the second with conserving and domesticating indigenous mushrooms.⁷ This type of research collaboration enables Embrapa to expand its research repertoire, to gain access to new genetic materials, to lay the foundations for the expansion of Brazilian agribusiness into Africa, and create demand for Brazilian technology and information services. They also expand the research capacities in Ghana, while building up familiarities with Brazilian approaches and capacities.

The third significant area of technical cooperation involves the recent expansion of corporate Brazilian agribusiness into agricultural production and processing in Ghana. In 2007 the Brazilian government announced plans to offer a loan of US\$260 million to Northern Sugar Resources (NSR), a Ghana registered company, for a sugar cane plantation and ethanol processing plant in Northern Ghana, through the Brazilian Development Bank (BNDES). The project requires a total investment of US\$306 million. The ethanol plant will be built by Constran S/A of Brazil. The ethanol is designated for export to Sweden and Svensk Etanolkemi AB, a Swedish green fuels company, has committed itself to purchase the first ten years of the plant's production (Bizzard 2008; Razanamandranto 2008). It is estimated that one-year after production commences, ethanol will emerge as Ghana's fourth largest export commodity. However, there have been considerable delays in implementing this

programme, which are partly related to problems in land tenure transparency and conflicts over lands between rival chiefly interests.

This development takes place in the context of controversies over Brazilian imports of ethanol into the EU (Bizzard 2008; Razanamandranto 2008). One method of bypassing the impasse on European tariffs on Brazilian ethanol imports has been to set up joint bilateral projects for ethanol production in an African country, which is more likely to gain preferential access to EU markets. The Brazilian companies provide the technology, and the European investors provide the funding for locating ethanol production in African countries and guaranteed markets and contracts for the product (Bizzard 2008). This has led to accusations that the development of Brazilian ethanol plants in Africa leads to land grabbing and to environmental destruction.

Another significant area in which Brazilian companies are making inputs into the Ghanaian agricultural economy occurs in rice. Several donors are interested in supporting enhanced rice production for the domestic market, and some private initiatives have developed. In the Volta Region, the Global Agri-Development Company (GADCO) has initiated a rice production scheme, which works with smallholder contract farmers to produce the much-desired perfumed rice for the Ghanaian market. GADCO is an agrifood company which operates in West Africa but is registered in Amsterdam. Its founders are Iggy Bassi and Taks Abimbala and its Chairman is Lord Malloch Brown, former Administrator of the UNDP and also a former UK government minister at the Foreign and Commonwealth Office responsible for Africa, Asia and the United Nations. It has established a nucleus plantation of 1,100 hectares at Fievie (near Sogakope) in the Volta Region, which makes it the largest rice producer in West Africa. At present it is working out a strategy to incorporate smallholders (Diakité *et al.* 2012).

GADCO seeks to enhance its market efficiency by working with a number of specialised service providers, who occupy various niches in the production, processing and marketing spheres. This includes Finetrade, who will be responsible for marketing the rice, Syngenta for agronomy, YARA for fertilisers, and Agropecuária Foletto, a Brazilian rice agribusiness company, for producing technical management and access to Brazilian technology and technology maintenance within the project ('the Brazilian African corridor for technology and management transfer'). The Forum for Agricultural Research in Africa (FARA) and the Gates Foundation are also sponsors of the programme. However, the most significant funding for the project has come from Germany, through the KfW Development Bank, which has supported the purchase of an advanced rice mill and further integration of smallholders into the project.⁸ The KfW is committed to supporting food value chains approaches in Africa with integration of outgrowers. Again this programme is an example of a complex integration of global partners seeking to work out a viable strategy for food chain governance, in which Brazilian technology and management come to the fore in the production process, rather than any simple framework of South-South Cooperation.

6 The political economy of commercial investments

Beyond the contrasting rhetoric of 'land grabbing' or 'South-South solidarity' lies a more complex political economy. Examining alternative strategies pursued by multinational corporations highlights this. For instance, Cargill, which has moved into cocoa processing and confectionary interests, now has major interest in sugar in Ghana, and is now sponsoring the development of a US\$100 million sugar processing plant in Ghana, in the Tema Free Zone. This factory will not use local sugar cane but import sugar in syrup form. According to Cargill 'It was not economically viable to venture into sugar-cane plantations locally, despite the country's favourable weather conditions.'⁹

Although the creation of agri-processing linkages in Ghana may displace some farmers, global agribusiness strategies of moving resources around the world to achieve the maximisation of profit may continue to compound the marginalisation of Ghanaian farmers and prevent backward linkages of

agri-processing into the agricultural sector to be created for the emergence of a dynamic agricultural economy. The difficulty of access to the European Union for Brazilian ethanol mirrors the problems that Brazil faces in North American markets - that is an unequal playing field, in which subsidies keep Brazilian products out, while Brazil is subject to mounting pressures to open up its agriculture further to free market forces. This has led Brazil to articulate South-South cooperation in a particular form, in support of domestic Brazilian capital. This articulation has resonated with many African nations who have supported the Brazilian stance on subsidies and intellectual property rights in UN bodies and other international fora. However, the solutions created by Brazil - bilateral deals with European partners to finance expansion of ethanol production in Africa, for example - goes well beyond any notion of South-South cooperation into strategic alliances with fractions of European capital to further processes of global capital accumulation on African soil (Bizzard 2008).

Cabral (2010) estimates that one fifth of Brazilian technical cooperation projects involve trilateral arrangements involving a northern donor. These interests are not necessarily inimical to the development of African agriculture of course. Nevertheless, they need to be debated within a framework that acknowledges wider issues of what benefits strategic alliances with Brazilian agribusiness can bring to African countries in their participation in a global agribusiness economy.

Accusations that Brazilian and Chinese agribusiness is engaging in environmentally destructive activities that displace African farmers is not free of ulterior motives, particularly when the same critics fail to subject the discourses of Western transnational corporations or EU agricultural policy to the same level of critical analysis as they do to the policies of emerging powers. This is particularly the case when these international NGOs work uncritically to develop corporate responsibility programmes and food value chain development in Africa for Western multinational companies with large plantations in other parts of the world.

7 Conclusion

China and Brazil are both characterised as 'emerging' or 'rising' powers. They have both embraced the concept of South-South Cooperation as informing their movement into the development sphere in Africa. However, the rapid economic growth within these countries, the extent of their investments within Africa, and the complexity of linkages into the global framework of agribusiness suggests that the simplistic framework of South-South cooperation and development as a 'new paradigm' throws little light on the nature of their investments in Africa, and may actually mask the current position in the global economy of these emergent powers.

China has rapidly emerged as the largest trading and investment partner in Africa. The structure of its trade reflects the emergence of a highly sophisticated manufacturing economy which imports raw minerals, energy and primary agricultural commodities and exports manufactured goods, machinery, information and communication technologies, and construction. Trade with many African nations, as in the Ghanaian case, is highly skewed, with the African nations suffering large deficits in their trade balance. In recent years, Chinese investments within African countries have expanded rapidly, enabling African nation states to begin to develop the beginnings of a modern infrastructure that should attract more investments. China is bold in its investments, willing to undertake large investments, but also creates projects that aim to enable these investments to be rapidly recovered and repaid. The scale of these investments, put the lack of OECD aid investments during the 1990s and early 2000s to shame, where the excuse for not investing was the lack of infrastructure developed by government, the lack of good governance, and investment risk.

Chinese investments within Ghana are largely concerned with developing infrastructure but also in gaining access to new oil resources. The huge expansion of investment in the last five years is underwritten by the oil resources and their potential to accumulate capital. Although the agricultural sector has been identified as a priority area for Chinese development cooperation, there have been few agricultural projects within Ghana so far. These are largely concerned with expanding infrastructure, particularly irrigation infrastructure and inputs, but also provide important technical support to

government agricultural services, without attempting to impose its own agribusiness companies into the control of capital accumulation and management within agriculture. These interventions have had a telling effect on the agricultural economy, and have stimulated interest in investments in modernising rice cultivation. The economic interests of China in infrastructure provision thus enables it to provide a wide range of infrastructural support services that are critical to the subsequent development of agriculture, without seeing these service provisions as unwanted costs that should be borne by the government, and without engaging in the asset stripping of government services. This enables the rapid development of an agrarian infrastructure, which has been a major impasse in the 1990s and early 2000s as Western donors have demanded conditionalities, including prior investments in agricultural infrastructure, before attracting global agribusiness. The rehabilitation of irrigation by Chinese technicians has also introduced appropriate techniques that are sustainable and affordable for smallholder farmers.

Although China has made a huge impact on the Ghanaian economy, this is not accompanied by any vision or debate on the nature of transformation. Debates with policy-makers often occur behind closed doors and there is little attempt to facilitate dialogue between African and Chinese intellectuals and civil society on these changes (Guttal 2008). This contrasts with the 1960s and 1970s when many African intellectuals of a socialist inclination were inspired and mobilised by the example of China as a presumed paragon of equality and self-reliance, as providing an alternative paradigm to the US model of international development. The current lack of open debate results in a level of mistrust of Chinese intentions among a Ghanaian public and civil society organisations that are highly questioning of the motives of its politicians and political parties, and their use of development resources.

In contrast with China, Brazil's impact on overall external trade in Ghana is modest. Trade is largely limited to a narrow range of agricultural commodities and raw materials. Brazilian investments within the Ghanaian economy are highly focused on building vertical linkages between agriculture and agri-processing, and building agribusiness capacities within Africa to create a niche for Brazilian technology transfer and management services and knowledge. Brazilian development banks are willing to provide loans to African governments and companies to create spaces for Brazilian technology and management services. These initiatives belie the simple framework of South-South cooperation. In several instances these initiatives involve complex finance relations with fractions of European capital. This occurs in the context of fierce competition between Brazilian and US agribusiness, and US government policies of protecting its agribusiness against Brazil through use of tariffs and subsidies, while attempting to pressurise Brazil into opening its domestic markets to US companies. The movement of Brazilian agribusiness into Africa constitutes an attempt to open up new markets outside of the Americas, and also to gain access to European markets by building up agribusiness capacity. These initiatives are being supported by Swedish, Dutch and German financial investments in Brazilian agribusiness, for example. In contrast with Chinese interventions, Brazilian investments follow more closely the agribusiness model of promoting private sector investments, and linkages between smallholders and agribusiness companies within a value chain framework. Chinese interventions do not promote private sector agribusiness but focus on building relations with the agricultural ministry to enhance technologies for smallholder farmers.

In contrast with the dominant western neoliberal model of integration into agribusiness markets, the Brazilian approach combines the internationalisation of large-scale Brazilian agribusiness interests with policies based on social inclusion for smallholders. This does not assume that integration of smallholders into agribusiness markets will bring about a transformation of rural poverty, but it develops an alternative framework of social protection alongside agribusiness expansion. The expansion of Brazilian agribusiness into Africa is not necessarily inimical for Ghanaian agriculture, particularly if it stimulates vertical linkages between agriculture, agri-processing and agribusiness and encourages domestic production. However, these developments may also lead to new international constellations of external agribusiness domination.

There is a need to open up a debate within Africa of the future of agribusiness and the relations

between different types of capital and actors in this process, and the relationships between these sectors and different categories of farmers in bringing about future transformations. The rise of new financial investments in Africa requires that Ghanaian policy-makers develop a more discerning approach to agribusiness and its impact on various strands of the agrarian economy, rather than an uncritical affirmation of government support to agribusiness developments. This requires a vision of what various types of technical and development cooperation can contribute towards the Ghanaian agrarian economy, what Ghana can contribute towards shaping the framework of South-South cooperation, a comprehensive political economy of geopolitical developments within agribusiness and technical cooperation, and an analysis of the types of strategic alliances that will facilitate and advance the interests of the rural people and the agricultural sector.

Notes

¹ Kpodo, K. 'Ghana Signs \$13 in China Loan Deals' Reuters, 22 September 2010, Source: *Arab News* www.arabnews.com/node/355856 (accessed 3 January 2013).

² Source: www.trademap.org/tm_light/Bilateral.aspx (accessed 3 January 2013).

³ Source: http://mida.gov.gh/site/?page_id=184 (accessed 29 December 2012).

⁴ See www.ghanabusinessnews.com/2012/05/12/chinese-companies-to-set-up-agro-chemical-industries-in-ghana/ (accessed 29 December 2012) and www.hzindus.gov.cn/en/list.asp?id=20 (accessed 3 January 2013).

⁵ Interview with Mr Mok, a Chinese Farmer at Techiman, 13 October 2012.

⁶ Africa-Brazil Technical Innovation Market website: www.africa-brazil.org/

⁷ Interview with Erich Schaitza, Brazilian Agricultural Research Cooperation Office, Accra, 16 October 2012.

⁸ Free Press Release Distribution Service (PRLOG) Press release 1 November 2012, 'GADCO Announces Investment from AATIF Fund sponsored by KfW, Deutsche Bank and the German Government', source: www.prlog.org/12013978-gadco-announces-investment-from-aatif-fund-sponsored-by-kfw-deutsche-bank-and-the-german-government.html (accessed 28 December 2012).

⁹ Source: *Ghanaian Times* 19 May 2010, General News www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=182405 (accessed 18 December 2012).

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